

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

CERTIFICATE OF NEED (CON) REVIEW STANDARDS FOR HOSPITAL BEDS

(By authority conferred on the CON Commission by sections 22215 and 22217 of Act No. 368 of the Public Acts of 1978, as amended, and sections 7 and 8 of Act No. 306 of the Public Acts of 1969, as amended, being sections 333.22215, 333.22217, 24.207, and 24.208 of the Michigan Compiled Laws.)

Section 1. Applicability

Sec. 1. (1) These standards are requirements for approval and delivery of services for all projects approved and certificates of need issued under Part 222 of the Code that involve (a) increasing licensed beds in a hospital licensed under Part 215 or (b) physically relocating hospital beds from one licensed site to another geographic location or (c) replacing beds in a hospital or (d) acquiring a hospital or (e) beginning operation of a new hospital.

(2) A hospital licensed under Part 215 is a covered health facility for purposes of Part 222 of the Code.

(3) An increase in licensed hospital beds is a change in bed capacity for purposes of Part 222 of the Code.

(4) The physical relocation of hospital beds from a licensed site to another geographic location is a change in bed capacity for purposes of Part 222 of the Code.

(5) An increase in hospital beds certified for long-term care is a change in bed capacity for purposes of Part 222 of the Code and shall be subject to and reviewed under the CON Review Standards for Long-Term-Care Services.

(6) The Department shall use sections 3, 4, 5, 6, 7, 8, 10, 16, and 17 of these standards and Section 2 of the Addendum for Projects for HIV Infected Individuals, as applicable, in applying Section 22225(1) of the Code, being Section 333.22225(1) of the Michigan Compiled Laws.

(7) The Department shall use Section 9 of these standards and Section 3 of the Addendum for Projects for HIV Infected Individuals, as applicable, in applying Section 22225(2)(c) of the Code, being Section 333.22225(2)(c) of the Michigan Compiled Laws.

Section 2. Definitions

Sec. 2. (1) As used in these standards:

(a) "Acquiring a hospital" means the issuance of a new hospital license as the result of the acquisition (including purchase, lease, donation, or other comparable arrangements) of a hospital with a valid license and which does not involve a change in bed capacity.

(b) "Alcohol and substance abuse hospital," for purposes of these standards, means a licensed hospital within a long-term (acute) care hospital that exclusively provides inpatient medical detoxification and medical stabilization and related outpatient services for persons who have a primary diagnosis of substance dependence covered by DRGs 433 - 437.

(c) "Base year" means the most recent year that final MIDB data is available to the Department unless a different year is determined to be more appropriate by the Commission.

(d) "Certificate of Need Commission" or "Commission" means the Commission created pursuant to Section 22211 of the code, being Section 333.22211 of the Michigan Compiled Laws.

(e) "Code" means Act No. 368 of the Public Acts of 1978, as amended, being Section 333.1101 et seq. of the Michigan Compiled Laws.

(f) "Department" means the Michigan Department of Community Health (MDCH).

(g) "Department inventory of beds" means the current list maintained for each hospital subarea on a

continuing basis by the Department of (i) licensed hospital beds and (ii) hospital beds approved by a valid CON issued under either Part 221 or Part 222 of the Code that are not yet licensed. The term does not include hospital beds certified for long-term-care in hospital long-term care units.

(h) "Discharge relevance factor" (%R) means a mathematical computation where the numerator is the inpatient hospital discharges from a specific zip code for a specified hospital subarea and the denominator is the inpatient hospital discharges for any hospital from that same specific zip code.

(i) "Existing hospital beds" means, for a specific hospital subarea, the total of all of the following: (i) hospital beds licensed by the Department; (ii) hospital beds with valid CON approval but not yet licensed; (iii) proposed hospital beds under appeal from a final decision of the Department; and (iv) proposed hospital beds that are part of a completed application under Part 222 (other than the application under review) for which a proposed decision has been issued and which is pending final Department decision.

(j) "Health service area" OR "HSA" means the groups of counties listed in Section 18.

(k) "Hospital bed" means a bed within the licensed bed complement at a licensed site of a hospital licensed under Part 215 of the Code, excluding (i) hospital beds certified for long-term care as defined in Section 20106(6) of the Code and (ii) unlicensed newborn bassinets.

(l) "Hospital" means a hospital as defined in Section 20106(5) of the Code being Section 333.20106(5) of the Michigan Compiled Laws and licensed under Part 215 of the Code. The term does not include a hospital or hospital unit licensed or operated by the Department of Mental Health.

(m) "Hospital long-term-care unit" or "HLTCU" means a nursing care unit, owned or operated by and as part of a hospital, licensed by the Department, and providing organized nursing care and medical treatment to 7 or more unrelated individuals suffering or recovering from illness, injury, or infirmity.

(n) "Hospital subarea" or "subarea" means a cluster or grouping of hospitals and the relevant portion of the state's population served by that cluster or grouping of hospitals. For purposes of these standards, hospital subareas and the hospitals assigned to each subarea are set forth in Appendix A.

(o) "Host hospital," for purposes of these standards, means an existing licensed hospital, which delicensures hospital beds, and which leases patient care space and other space within the physical plant of the host hospital, to allow a long-term (acute) care hospital, or alcohol and substance abuse hospital, to begin operation.

(p) "Licensed site" means either (i) in the case of a single site hospital, the location of the facility authorized by license and listed on that licensee's certificate of licensure or (ii) in the case of a hospital with multiple sites, the location of each separate and distinct inpatient unit of the health facility as authorized by license and listed on that licensee's certificate of licensure.

(q) "Limited access area" means those geographic areas containing a population of 50,000 or more based on the planning year and not within 30 minutes drive time of an existing licensed acute care hospital with 24 hour/7 days a week emergency services utilizing the slowest route available as defined by the Michigan Department of Transportation (MDOT) and as identified in Appendix E. Limited access areas shall be redetermined when a new hospital has been approved or an existing hospital closes.

(r) "Long-term (acute) care hospital," for purposes of these standards, means a hospital has been approved to participate in the Title XVIII (Medicare) program as a prospective payment system (PPS) exempt hospital in accordance with 42 CFR Part 412.

(s) "Market forecast factors" (%N) means a mathematical computation where the numerator is the number of total inpatient discharges indicated by the market survey forecasts and the denominator is the base year MIDB discharges.

(t) "Medicaid" means title XIX of the social security act, chapter 531, 49 Stat. 620, 1396r-6 and 1396r-8 to 1396v.

(u) "Metropolitan statistical area county" means a county located in a metropolitan statistical area as that term is defined under the "standards for defining metropolitan and micropolitan statistical areas" by the statistical policy office of the office of information and regulatory affairs of the United States office of management and budget, 65 F.R. p. 82238 (December 27, 2000) and as shown in Appendix B.

(v) "Michigan Inpatient Data Base" or "MIDB" means the data base compiled by the Michigan Health and Hospital Association or successor organization. The data base consists of inpatient discharge records from all Michigan hospitals and Michigan residents discharged from hospitals in border states for a specific calendar year.

(w) "Micropolitan statistical area county" means a county located in a micropolitan statistical area as that term is defined under the "standards for defining metropolitan and micropolitan statistical areas" by

the statistical policy office of the office of information and regulatory affairs of the United States office of management and budget, 65 F.R. p. 82238 (December 27, 2000) and as shown in Appendix B.

(x) "New beds in a hospital" means hospital beds that meet at least one of the following: (i) are not currently licensed as hospital beds, (ii) are currently licensed hospital beds at a licensed site in one subarea which are proposed for relocation in a different subarea as determined by the Department pursuant to Section 3 of these standards, (iii) are currently licensed hospital beds at a licensed site in one subarea which are proposed for relocation to another geographic site which is in the same subarea as determined by the Department, but which are not in the replacement zone, or (iv) are currently licensed hospital beds that are proposed to be licensed as part of a new hospital in accordance with Section 6(2) of these standards.

(y) "New hospital" means one of the following: (i) the establishment of a new facility that shall be issued a new hospital license, (ii) for currently licensed beds, the establishment of a new licensed site that is not in the same hospital subarea as the currently licensed beds, (iii) currently licensed hospital beds at a licensed site in one subarea which are proposed for relocation to another geographic site which is in the same subarea as determined by the Department, but which are not in the replacement zone, or (iv) currently licensed hospital beds that are proposed to be licensed as part of a new hospital in accordance with section 6(2) of these standards.

(z) "OBSTETRICS PATIENT DAYS OF CARE" MEANS INPATIENT DAYS OF CARE FOR PATIENTS IN THE APPLICANT'S MICHIGAN INPATIENT DATABASE DATA AGES 15 THROUGH 44 WITH DRGS 370 THROUGH 375 (OBSTETRICAL DISCHARGES).

(AA) "Overbedded subarea" means a hospital subarea in which the total number of existing hospital beds in that subarea exceeds the subarea needed hospital bed supply as set forth in Appendix C.

(BB) "PEDIATRIC PATIENT DAYS OF CARE" MEANS INPATIENT DAYS OF CARE FOR PATIENTS IN THE APPLICANT'S MICHIGAN INPATIENT DATABASE DATA AGES 0 THROUGH 14 EXCLUDING NORMAL NEWBORNS.

(aaCC) "Planning year" means five years beyond the base year, established by the CON Commission, for which hospital bed need is developed, unless a different year is determined to be more appropriate by the Commission.

(bbDD) "Relevance index" or "market share factor" (%Z) means a mathematical computation where the numerator is the number of inpatient hospital patient days provided by a specified hospital subarea from a specific zip code and the denominator is the total number of inpatient hospital patient days provided by all hospitals to that specific zip code using MIDB data.

(eeEE) "Relocate existing licensed hospital beds" for purposes of sections 6(3) and 8 of these standards, means a change in the location of existing hospital beds from the existing licensed hospital site to a different existing licensed hospital site within the same hospital subarea or HSA. This definition does not apply to projects involving replacement beds in a hospital governed by Section 7 of these standards.

(FF) "REMAINING PATIENT DAYS OF CARE" MEANS TOTAL INPATIENT DAYS OF CARE IN THE APPLICANT'S MICHIGAN INPATIENT DATABASE DATA MINUS OBSTETRICS PATIENT DAYS OF CARE AND PEDIATRIC PATIENT DAYS OF CARE.

(ddGG) "Replacement beds in a hospital" means hospital beds that meet all of the following conditions; (i) an equal or greater number of hospital beds are currently licensed to the applicant at the licensed site at which the proposed replacement beds are currently licensed; (ii) the hospital beds are proposed for replacement in new physical plant space being developed in new construction or in newly acquired space (purchase, lease, donation, etc.); and (iii) the hospital beds to be replaced will be located in the replacement zone.

(eeHH) "Replacement zone" means a proposed licensed site that is (i) in the same subarea as the existing licensed site as determined by the Department in accord with Section 3 of these standards and (ii) on the same site, on a contiguous site, or on a site within 2 miles of the existing licensed site if the existing licensed site is located in a county with a population of 200,000 or more, or on a site within 5 miles of the existing licensed site if the existing licensed site is located in a county with a population of less than 200,000.

(ffII) "Rural county" means a county not located in a metropolitan statistical area or micropolitan statistical areas as those terms are defined under the "standards for defining metropolitan and micropolitan statistical areas" by the statistical policy office of the office of information regulatory affairs of the United States office of management and budget, 65 F.R. p. 82238 (December 27, 2000) and as

shown in Appendix B.

(ggJJ) "Utilization rate" or "use rate" means the number of days of inpatient care per 1,000 population during a one-year period.

(hhKK) "Zip code population" means the latest population estimates for the base year and projections for the planning year, by zip code.

(2) The definitions in Part 222 shall apply to these standards.

Section 3. Hospital subareas

Sec. 3. (1)(a) Each existing hospital is assigned to a hospital subarea as set forth in Appendix A which is incorporated as part of these standards, until Appendix A is revised pursuant to this subsection.

(i) These hospital subareas, and the assignments of hospitals to subareas, shall be updated, at the direction of the Commission, starting in May 2003, to be completed no later than November 2003. Thereafter, at the direction of the Commission, the updates shall occur no later than two years after the official date of the federal decennial census, provided that:

(A) Population data at the federal zip code level, derived from the federal decennial census, are available; and final MIDB data are available to the Department for that same census year.

(b) For an application involving a proposed new licensed site for a hospital (whether new or replacement), the proposed new licensed site shall be assigned to an existing hospital subarea utilizing a market survey conducted by the applicant and submitted with the application. The market survey shall provide, at a minimum, forecasts of the number of inpatient discharges for each zip code that the proposed new licensed site shall provide service. The forecasted numbers must be for the same year as the base year MIDB data. The market survey shall be completed by the applicant using accepted standard statistical methods. The market survey must be submitted on a computer media and in a format specified by the Department. The market survey, if determined by the Department to be reasonable pursuant to Section 15, shall be used by the Department to assign the proposed new site to an existing subarea based on the methodology described by "The Specification of Hospital Service Communities in a Large Metropolitan Area" by J. William Thomas, Ph.D., John R. Griffith, and Paul Durance, April 1979 as follows:

(i) For the proposed new site, a discharge relevance factor for each of the zip codes identified in the application will be computed. Zip codes with a market forecast factor of less than .05 will be deleted from consideration.

(ii) The base year MIDB data will be used to compute discharge relevance factors (%Rs) for each hospital subarea for each of the zip codes identified in step (i) above. Hospital subareas with a %R of less than .10 for all zip codes identified in step (i) will be deleted from the computation.

(iii) The third step in the methodology is to calculate a population-weighted average discharge relevance factor \bar{R}_j for the proposed hospital and existing subareas. Letting:

P_i = Population of zip code i.

d_{ij} = Number of patients from zip code i treated at hospital j.

$D_i = \sum_j d_{ij}$ = Total patients from zip code i.

$I_j = \{i \mid (d_{ij}/D_i) \geq \alpha\}$, set of zip codes for which the individual relevance factor [%R from (i) and (ii) above] values (d_{ij}/D_i) of hospital j exceeds or equals α , where α is specified $0 \leq \alpha \leq 1$.

$$\text{then } \bar{R}_j = \frac{\sum_{i \in I_j} P_i (d_{ij}/D_i)}{\sum_{i \in I_j} P_i}$$

(iv) After \bar{R}_j is calculated for the applicant(s) and the included existing subareas, the hospital/subarea with the smallest \bar{R}_j ($S \bar{R}_j$) is grouped with the hospital/subarea having the greatest individual discharge relevance factor in the $S \bar{R}_j$'s home zip code. $S \bar{R}_j$'s home zip code is defined as the

zip code from \overline{SR} 's with the greatest discharge relevance factor.

(v) If there is only a single applicant, then the assignment procedure is complete. If there are additional applicants, then steps (iii), and (iv) must be repeated until all applicants have been assigned to an existing subarea.

(2) The Commission shall amend Appendix A to reflect: (a) approved new licensed site(s) assigned to a specific hospital subarea; (b) hospital closures; and (c) licensure action(s) as appropriate.

(3) As directed by the Commission, new sub-area assignments established according to subsection (1)(a)(i) shall supersede Appendix A and shall be included as an amended appendix to these standards effective on the date determined by the Commission.

Section 4. Determination of the needed hospital bed supply

Sec. 4. (1) The determination of the needed hospital bed supply for a limited access area and a hospital subarea for a planning year shall be made using the MIDB and population estimates and projections by zip code in the following methodology:

(a) All hospital discharges for normal newborns (DRG 391) and psychiatric patients (ICD-9-CM codes 290 through 319 as a principal diagnosis) will be excluded.

(b) For each discharge from the selected zip codes for a limited access area or each hospital subarea discharge, as applicable, calculate the number of patient days (take the patient days for each discharge and accumulate it within the respective age group) for the following age groups: ages 0 (excluding normal newborns) through 14 (pediatric), ages 15 through 44, female ages 15 through 44 (DRGs 370 through 375 – obstetrical discharges), ages 45 through 64, ages 65 through 74, and ages 75 and older. Data from non-Michigan residents are to be included for each specific age group. Data from non-Michigan residents are to be included for each specific age group. For limited access areas, proceed to section 4(1)(e).

(c) For each hospital subarea, calculate the relevance index (%Z) for each zip code and for each of the following age groups: ages 0 (excluding normal newborns) through 14 (pediatric), ages 15 through 44, female ages 15 through 44 (DRGs 370 THROUGH 375 – obstetrical discharges), ages 45 through 64, ages 65 through 74, and ages 75 and older.

(d) For each hospital subarea, multiply each zip code %Z calculated in (c) by its respective base year zip code and age group specific year population. The result will be the zip code allocations by age group for each subarea.

(e) For each limited access area or hospital subarea, as applicable, calculate the subarea base year population by age group by adding together all zip code population allocations calculated in (d) for each specific age group in that subarea. For a limited access area, add together the age groups identified for the limited access area. The result will be six population age groups for each limited access area or subarea, as applicable.

(f) For each limited access area or hospital subarea, as applicable, calculate the patient day use rates for ages 0 (excluding normal newborns) through 14 (pediatric), ages 15 through 44, female ages 15 through 44 (DRGs 370 THROUGH 375 – obstetrical discharges), ages 45 through 64, ages 65 through 74, and ages 75 and older by dividing the results of (b) by the results of (e).

(g) For each hospital subarea, multiply each zip code %Z calculated in (c) by its respective planning year zip code and age group specific year population. The results will be the projected zip code allocations by age group for each subarea. For a limited access area, multiply the population projection for the plan year by the proportion of the zip code that is contained within the limited access area for each zip code age group. The results will be the projected zip code allocations by age group for each zip code within the limited access area.

(h) For each hospital subarea, calculate the subarea projected year population by age group by adding together all projected zip code population allocations calculated in (g) for each specific age group. For a limited access area, add together the zip code allocations calculated in (g) by age group identified for the limited access area. The result will be six population age groups for each limited access area or subarea, as applicable.

(i) For each limited access area or hospital subarea, as applicable, calculate the limited access area

or hospital subarea, as applicable, projected patient days for each age group by multiplying the six projected populations by age group calculated in step (h) by the age specific use rates identified in step (f).

(j) For each limited access area or hospital subarea, as applicable, calculate the adult medical/surgical limited access area or hospital subarea, as applicable, projected patient days by adding together the following age group specific projected patient days calculated in (i): ages 15 through 44, ages 45 through 64, ages 65 through 74, and ages 75 and older. The 0 (excluding normal newborns) through 14 (pediatric) and female ages 15 through 44 (DRGs 370 through 375 – obstetrical discharges) age groups remain unchanged as calculated in (i).

(k) For each limited access area or hospital subarea, as applicable, calculate the limited access area or hospital subarea, as applicable, projected average daily census (ADC) for three age groups: Ages 0 (excluding normal newborns) through 14 (pediatric), female ages 15 through 44 (DRGs 370 through 375 – obstetrical discharges), and adult medical surgical by dividing the results calculated in (j) by 365 (or 366 if the planning year is a leap year). Round each ADC to a whole number. This will give three ADC computations per limited access area or subarea, as applicable.

(l) For each limited access area or hospital subarea, as applicable, and age group, select the appropriate occupancy rate from the occupancy rate table in Appendix D.

(m) For each limited access area or hospital subarea, as applicable, and age group, calculate the limited access area or subarea, as applicable, projected bed need number of hospital beds for the limited access area or subarea, as applicable, by age group by dividing the ADC calculated in (k) by the appropriate occupancy rate determined in (l). To obtain the total limited access area or hospital, as applicable, bed need, add the three age group bed projections together. Round any part of a bed up to a whole bed.

Section 5. Bed Need

Sec. 5. (1) The bed-need numbers incorporated as part of these standards as Appendix C shall apply to projects subject to review under these standards, except where a specific CON review standard states otherwise.

(2) The Commission shall direct the Department, effective November 2004 and every two years thereafter, to re-calculate the acute care bed need methodology in Section 4, within a specified time frame.

(3) The Commission shall designate the base year and the future planning year which shall be utilized in applying the methodology pursuant to subsection (2).

(4) When the Department is directed by the Commission to apply the methodology pursuant to subsection (2), the effective date of the bed-need numbers shall be established by the Commission.

(5) As directed by the Commission, new bed-need numbers established by subsections (2) and (3) shall supersede the bed-need numbers shown in Appendix C and shall be included as an amended appendix to these standards.

Section 6. Requirements for approval -- new beds in a hospital

Sec. 6. (1) An applicant proposing new beds in a hospital, except an applicant meeting the requirements of subsection 2, 3, 4, or 5 shall demonstrate that it meets all of the following:

(a) The new beds in a hospital shall result in a hospital of at least 200 beds in a metropolitan statistical area county or 50 beds in a rural or micropolitan statistical area county. This subsection may be waived by the Department if the Department determines, in its sole discretion, that a smaller hospital is necessary or appropriate to assure access to health-care services.

(b) The total number of existing hospital beds in the subarea to which the new beds will be assigned does not currently exceed the needed hospital bed supply as set forth in Appendix C. The Department shall determine the subarea to which the beds will be assigned in accord with Section 3 of these

standards.

(c) Approval of the proposed new beds in a hospital shall not result in the total number of existing hospital beds, in the subarea to which the new beds will be assigned, exceeding the needed hospital bed supply as set forth in Appendix C. The Department shall determine the subarea to which the beds will be assigned in accord with Section 3 of these standards.

(2) An applicant proposing to begin operation as a new long-term (acute) care hospital or alcohol and substance abuse hospital within an existing licensed, host hospital shall demonstrate that it meets all of the requirements of this subsection:

(a) If the long-term (acute) care hospital applicant described in this subsection does not meet the Title XVIII requirements of the Social Security Act for exemption from PPS as a long-term (acute) care hospital within 12 months after beginning operation, then it may apply for a six-month extension in accordance with R325.9403 of the CON rules. If the applicant fails to meet the Title XVIII requirements for PPS exemption as a long-term (acute) care hospital within the 12 or 18-month period, then the CON granted pursuant to this section shall expire automatically.

(b) The patient care space and other space to establish the new hospital is being obtained through a lease arrangement between the applicant and the host hospital. The initial, renewed, or any subsequent lease shall specify at least all of the following:

(i) That the host hospital shall delicense the same number of hospital beds proposed by the applicant for licensure in the new hospital.

(ii) That the proposed new beds shall be for use in space currently licensed as part of the host hospital.

(iii) That upon non-renewal and/or termination of the lease, upon termination of the license issued under Part 215 of the act to the applicant for the new hospital, or upon noncompliance with the project delivery requirements or any other applicable requirements of these standards, the beds licensed as part of the new hospital must be disposed of by one of the following means:

(A) Relicensure of the beds to the host hospital. The host hospital must obtain a CON to acquire the long-term (acute) care hospital. In the event that the host hospital applies for a CON to acquire the long-term (acute) care hospital [including the beds leased by the host hospital to the long-term (acute) care hospital] within six months following the termination of the lease with the long-term (acute) care hospital, it shall not be required to be in compliance with the hospital bed supply set forth in Appendix C if the host hospital proposes to add the beds of the long-term (acute) care hospital to the host hospital's medical/surgical licensed capacity and the application meets all other applicable project delivery requirements. The beds must be used for general medical/surgical purposes. Such an application shall not be subject to comparative review and shall be processed under the procedures for non-substantive review (as this will not be considered an increase in the number of beds originally licensed to the applicant at the host hospital);

(B) Delicensure of the hospital beds; or

(C) Acquisition by another entity that obtains a CON to acquire the new hospital in its entirety and that entity must meet and shall stipulate to the requirements specified in Section 6(2).

(c) The applicant or the current licensee of the new hospital shall not apply, initially or subsequently, for CON approval to initiate any other CON covered clinical services; provided, however, that this section is not intended, and shall not be construed in a manner which would prevent the licensee from contracting and/or billing for medically necessary covered clinical services required by its patients under arrangements with its host hospital or any other CON approved provider of covered clinical services.

(d) The new licensed hospital shall remain within the host hospital.

(e) The new hospital shall be assigned to the same subarea as the host hospital.

(f) The proposed project to begin operation of a new hospital, under this subsection, shall constitute a change in bed capacity under Section 1(3) of these standards.

(g) The lease will not result in an increase in the number of licensed hospital beds in the subarea.

(h) Applications proposing a new hospital under this subsection shall not be subject to comparative review.

(3) An applicant proposing to add new hospital beds, as the receiving licensed hospital under Section 8, shall demonstrate that it meets all of the requirements of this subsection and shall not be

required to be in compliance with the needed hospital bed supply set forth in Appendix C if the application meets all other applicable CON review standards and agrees and assures to comply with all applicable project delivery requirements.

(a) The approval of the proposed new hospital beds shall not result in an increase in the number of licensed hospital beds as follows:

(i) in the subarea, or

(ii) in the HSA pursuant to Section 8(2)(b).

(A) The receiving hospital shall meet the requirements of section 6(4)(b) of these standards.

(b) The proposed project to add new hospital beds, under this subsection, shall constitute a change in bed capacity under Section 1(3) of these standards.

(c) Applicants proposing to add new hospital beds under this subsection shall not be subject to comparative review.

(4) An applicant may apply for the addition of new beds if all of the following subsections are met. Further, an applicant proposing new beds at an existing licensed hospital site shall not be required to be in compliance with the needed hospital bed supply set forth in Appendix C if the application meets all other applicable CON review standards and agrees and assures to comply with all applicable project delivery requirements.

(a) The beds are being added at the existing licensed hospital site.

(b) The hospital at the existing licensed hospital site has operated as follows AT AN ADJUSTED OCCUPANCY RATE OF 80% OR ABOVE for the previous, consecutive 12-24 months based on its existing-licensed AND APPROVED hospital bed capacity, as documented on the most recent reports of the "Annual Hospital Statistical Questionnaire" or more current verifiable data: THE ADJUSTED OCCUPANCY RATE SHALL BE CALCULATED AS FOLLOWS:

| <u>Number of Licensed Hospital Beds</u> | <u>Average Occupancy</u> |
|---|--------------------------|
| <u>Fewer than 300</u> | <u>80% and above</u> |
| <u>300 or more</u> | <u>85% and above</u> |

(I) COMBINE ALL PEDIATRIC PATIENT DAYS OF CARE AND OBSTETRICS PATIENT DAYS OF CARE PROVIDED DURING THE MOST RECENT, CONSECUTIVE 24-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE DEPARTMENT AND MULTIPLY THAT NUMBER BY 1.1.

(II) ADD REMAINING PATIENT DAYS OF CARE PROVIDED DURING THE MOST RECENT, CONSECUTIVE 24-MONTH PERIOD FOR WHICH VERIFIABLE DATA ARE AVAILABLE TO THE DEPARTMENT TO THE NUMBER CALCULATED IN (I) ABOVE. THIS IS THE ADJUSTED PATIENT DAYS.

(III) DIVIDE THE NUMBER CALCULATED IN (II) ABOVE BY THE TOTAL POSSIBLE PATIENT DAYS [LICENSED AND APPROVED HOSPITAL BEDS MULTIPLIED BY 730 (OR 731 IF INCLUDING A LEAP YEAR)]. THIS IS THE ADJUSTED OCCUPANCY RATE.

(c) The number of beds that may be approved pursuant to this subsection shall be the number of beds necessary to reduce the ADJUSTED occupancy rate for the hospital to 80-75 percent for hospitals with licensed beds of 300 or more and to 75 percent for hospitals with licensed beds of fewer than 300. The number of beds shall be calculated as follows:

(i) Divide the actual number of ADJUSTED patient days CALCULATED IN SUBSECTION (B)(II) of care provided during the most recent, consecutive 12-month period for which verifiable data are available to the department by .80 for hospitals with licensed beds of 300 or more and by .75 for hospitals with licensed beds of fewer than 300 to determine licensed bed days at 80 percent occupancy or 75 percent occupancy as applicable;

(ii) Divide the result of step (i) by 365-730 (or 366-731 for IF INCLUDING A leap years) and round the result up to the next whole number;

(iii) Subtract the number of licensed AND APPROVED HOSPITAL beds as documented on the "Department Inventory of Beds" from the result of step (ii) and round the result up to the next whole number to determine the maximum number of beds that may be approved pursuant to this subsection.

(d) A licensed acute care hospital that has relocated its beds, after the effective date of these standards, shall not be approved for hospital beds under this subsection for five years from the effective

date of the relocation of beds.

(e) Applicants proposing to add new hospital beds under this subsection shall not be subject to comparative review.

(f) Applicants proposing to add new hospital beds under this subsection shall demonstrate to the Department that they have pursued a good faith effort to relocate acute care beds from other licensed acute care hospitals within the HSA. At the time an application is submitted to the Department, the applicant shall demonstrate that contact was made by one certified mail return receipt for each organization contacted.

(5) An applicant proposing a new hospital in a limited access area shall not be required to be in compliance with the needed hospital bed supply set forth in Appendix C if the application meets all other applicable CON review standards, agrees and assures to comply with all applicable project delivery requirements, and all of the following subsections are met.

(a) The proposed new hospital, unless a critical access hospital, shall have 24 hour/7 days a week emergency services, obstetrical services, surgical services, and licensed acute care beds.

(b) The Department shall assign the proposed new hospital to an existing subarea based on the current market use patterns of existing subareas.

(c) Approval of the proposed new beds in a hospital in a limited access area shall not exceed the bed need for the limited access area as determined by the bed need methodology in Section 4 and as set forth in Appendix E.

(d) The new beds in a hospital in a limited access area shall result in a hospital of at least 100 beds in a metropolitan statistical area county or 50 beds in a rural or micropolitan statistical area county. If the bed need for a limited access area, as shown in Appendix E, is less, then that will be the minimum number of beds for a new hospital under this provision. If an applicant for new beds in a hospital under this provision simultaneously applies for status as a critical access hospital, the minimum hospital size shall be that number allowed under state/federal critical access hospital designation.

(e) Applicants proposing to create a new hospital under this subsection shall not be approved, for a period of five years after beginning operation of the facility, of the following covered clinical services: (i) open heart surgery, (ii) therapeutic cardiac catheterization, (iii) fixed positron emission tomography (PET) services, (iv) all transplant services, (v) neonatal intensive care services/beds, and (vi) fixed urinary extracorporeal shock wave lithotripsy (UESWL) services.

(f) Applicants proposing to add new hospital beds under this subsection shall be prohibited from relocating the new hospital beds for a period of 10 years after beginning operation of the facility.

(g) An applicant proposing to add a new hospital pursuant to this subsection shall locate the new hospital as follows:

(i) In a metropolitan statistical area county, an applicant proposing to add a new hospital pursuant to this subsection shall locate the new hospital within the limited access area and serve a population of 50,000 or more inside the limited access area and within 30 minutes drive time from the proposed new hospital.

(ii) In a rural or micropolitan statistical area county, an applicant proposing to add a new hospital pursuant to this subsection shall locate the new hospital within the limited access area and serve a population of 50,000 or more inside the limited access area and within 60 minutes drive time from the proposed new hospital.

Section 7. Requirements for approval -- replacement beds in a hospital in a replacement zone

Sec. 7. (1) If the application involves the development of a new licensed site, an applicant proposing replacement beds in a hospital in the replacement zone shall demonstrate that the new beds in a hospital shall result in a hospital of at least 200 beds in a metropolitan statistical area county or 50 beds in a rural or micropolitan statistical area county. This subsection may be waived by the Department if the Department determines, in its sole discretion, that a smaller hospital is necessary or appropriate to assure access to health-care services.

(2) In order to be approved, the applicant shall propose to (i) replace an equal or lesser number of beds currently licensed to the applicant at the licensed site at which the proposed replacement beds are

located, and (ii) that the proposed new licensed site is in the replacement zone.

(3) An applicant proposing replacement beds in the replacement zone shall not be required to be in compliance with the needed hospital bed supply set forth in Appendix C if the application meets all other applicable CON review standards and agrees and assures to comply with all applicable project delivery requirements.

Section 8. Requirements for approval of an applicant proposing to relocate existing licensed hospital beds

Sec 8. (1) The proposed project to relocate beds, under this section, shall constitute a change in bed capacity under Section 1(4) of these standards.

(2) Any existing licensed acute care hospital may relocate all or a portion of its beds to another existing licensed acute care hospital as follows:

- (a) The licensed acute care hospitals are located within the same subarea, or
- (b) the licensed acute care hospitals are located within the same HSA if the receiving hospital meets the requirements of Section 6(4)(b) of these standards.

(3) The hospital from which the beds are being relocated, and the hospital receiving the beds, shall not require any ownership relationship.

(4) The relocated beds shall be licensed to the receiving hospital and will be counted in the inventory for the applicable subarea.

(5) The relocation of beds under this section shall not be subject to a mileage limitation.

Section 9. Project delivery requirements -- terms of approval for all applicants

Sec. 9. (1) An applicant shall agree that, if approved, the project shall be delivered in compliance with the following terms of CON approval:

- (a) Compliance with these standards
- (b) Compliance with applicable operating standards

(I) AN APPLICANT APPROVED PURSUANT TO SECTION 6(4) MUST ACHIEVE A MINIMUM OCCUPANCY OF 75 PERCENT OVER A CONSECUTIVE 12-MONTH PERIOD WITHIN THREE YEARS AFTER THE NEW BEDS ARE PUT INTO OPERATION, OR THE NUMBER OF NEW LICENSED BEDS SHALL BE REDUCED TO ACHIEVE A MINIMUM OF 75 PERCENT AVERAGE ANNUAL OCCUPANCY FOR THE REVISED LICENSED BED COMPLEMENT.

(II) THE APPLICANT MUST SUBMIT DOCUMENTATION ACCEPTABLE AND REASONABLE TO THE DEPARTMENT, WITHIN 30 DAYS AFTER THE COMPLETION OF THE 3-YEAR PERIOD, TO SUBSTANTIATE THE OCCUPANCY RATE FOR EACH 12-MONTH PERIOD.

- (c) Compliance with the following quality assurance standards:

(i) The applicant shall provide the Department with a notice stating the date the hospital beds are placed in operation and such notice shall be submitted to the Department consistent with applicable statute and promulgated rules.

(ii) The applicant shall assure compliance with Section 20201 of the Code, being Section 333.20201 of the Michigan Compiled Laws.

(iii) The applicant shall participate in a data collection network established and administered by the Department or its designee. The data may include, but is not limited to, annual budget and cost information and demographic, diagnostic, morbidity, and mortality information, as well as the volume of care provided to patients from all payor sources. The applicant shall provide the required data on a separate basis for each licensed site; in a format established by the Department, and in a mutually agreed upon media. The Department may elect to verify the data through on-site review of appropriate records.

- (A) The applicant shall participate and submit data to the Michigan Inpatient Data Base (MIDB). The

data shall be submitted to the Department or its designee.

(iv) An applicant shall participate in Medicaid at least 12 consecutive months within the first two years of operation and continue to participate annually thereafter.

(d) The applicant, to assure appropriate utilization by all segments of the Michigan population, shall:

(i) Not deny services to any individual based on ability to pay or source of payment.

(ii) Maintain information by source of payment to indicate the volume of care from each payor and non-payor source provided annually.

(iii) Provide services to any individual based on clinical indications of need for the services.

(2) The agreements and assurances required by this section shall be in the form of a certification authorized by the governing body of the applicant or its authorized agent.

Section 10. Rural, micropolitan statistical area, and metropolitan statistical area Michigan counties

Sec. 10. Rural, micropolitan statistical area, and metropolitan statistical area Michigan counties, for purposes of these standards, are incorporated as part of these standards as Appendix B. The Department may amend Appendix B as appropriate to reflect changes by the statistical policy office of the office of information and regulatory affairs of the United States office of management and budget.

Section 11. Department inventory of beds

Sec. 11. The Department shall maintain and provide on request a listing of the Department inventory of beds for each subarea. Hospitals that have state/federal critical access hospital designation are excluded from the bed inventory.

Section 12. Effect on prior planning policies; comparative reviews

Sec. 12. (1) These CON review standards supersede and replace the CON standards for hospital beds approved by the CON Commission on March 98, 2004-2005 and effective June 4, 2004MAY 27, 2005.

(2) Projects reviewed under these standards shall be subject to comparative review except those projects meeting the requirements of Section 7 involving the replacement of beds in a hospital within the replacement zone and projects involving acquisition (including purchase, lease, donation or comparable arrangements) of a hospital.

Section 13. Additional requirements for applications included in comparative reviews

Sec. 13. (1) Any application subject to comparative review under Section 22229 of the Code, being Section 333.22229 of the Michigan Compiled Laws, or UNDER these standards shall be grouped and reviewed COMPARATIVELY with other applications in accordance with the CON rules-applicable to comparative reviews.

(2) Each application in a comparative review group shall be individually reviewed to determine whether the application has satisfied all the requirements of Section 22225 of the Code, being Section 333.22225 of the Michigan Compiled Laws, and all other applicable requirements for approval in the Code and these standards. If the Department determines that ~~one TWO~~ or more ~~of the~~ competing applications ~~satisfies-satisfy~~ all of the requirements for approval, these projects shall be considered qualifying projects. The Department shall approve those qualifying projects which, WHEN taken together, do not exceed the need, as defined in Section 22225(1) OF THE CODE, AND WHICH HAVE THE HIGHEST NUMBER OF POINTS WHEN THE RESULTS OF SUBSECTION (3) ARE TOTALED. IF TWO OR MORE QUALIFYING PROJECTS ARE DETERMINED TO HAVE AN IDENTICAL NUMBER OF POINTS, THEN THE DEPARTMENT SHALL APPROVE THOSE QUALIFYING PROJECTS, WHEN TAKEN TOGETHER, THAT DO NOT EXCEED THE NEED in the order IN WHICH THE APPLICATIONS

~~WERE RECEIVED BY the Department determines the projects most fully promote the availability of quality health services at reasonable cost~~
BASED ON THE DATE AND TIME STAMP PLACED ON THE APPLICATIONS BY THE DEPARTMENT IN ACCORDANCE WITH RULE 325.9123.

(3)(A) A QUALIFYING PROJECT WILL BE AWARDED POINTS BASED ON THE PERCENTILE RANKING OF THE APPLICANT'S UNCOMPENSATED CARE VOLUME, AS DEFINED BY THE DEPARTMENT, AND AS MEASURED BY PERCENTAGE OF GROSS HOSPITAL REVENUES AS SET FORTH IN THE FOLLOWING TABLE. FOR PURPOSES OF SCORING, THE APPLICANT'S UNCOMPENSATED CARE WILL BE THE CUMULATIVE OF ALL CURRENTLY LICENSED MICHIGAN HOSPITALS OWNED BY, UNDER COMMON CONTROL OF, OR HAVING AS A COMMON PARENT WITH THE APPLICANT. THE SOURCE DOCUMENT FOR THE CALCULATION SHALL BE THE MOST RECENT COST REPORT SUBMITTED TO THE DEPARTMENT FOR PURPOSES OF CALCULATING DISPROPORTIONATE SHARE HOSPITAL PAYMENTS. IF A HOSPITAL OWNED BY, UNDER COMMON CONTROL OF, OR HAVING A COMMON PARENT WITH THE APPLICANT HAS NOT FILED A COST REPORT, THEN THE RELATED APPLICANT SHALL RECEIVE A SCORE OF ZERO.

| <u>PERCENTILE RANKING</u> | <u>POINTS AWARDED</u> |
|---------------------------|-----------------------|
| <u>90.0 – 100</u> | <u>25 PTS</u> |
| <u>80.0 – 89.9</u> | <u>20 PTS</u> |
| <u>70.0 – 79.9</u> | <u>15 PTS</u> |
| <u>60.0 – 69.9</u> | <u>10 PTS</u> |
| <u>50.0 – 59.9</u> | <u>5 PTS</u> |

WHERE AN APPLICANT PROPOSES TO CLOSE A HOSPITAL AS PART OF ITS APPLICATION, DATA FROM THE CLOSED HOSPITAL SHALL BE EXCLUDED FROM THIS CALCULATION.

(B) A QUALIFYING PROJECT WILL BE AWARDED POINTS BASED ON THE STATEWIDE PERCENTILE RANK OF THE APPLICANT'S MEDICAID VOLUME AS MEASURED BY PERCENTAGE OF GROSS HOSPITAL REVENUES AS SET FORTH IN THE FOLLOWING TABLE. FOR PURPOSES OF SCORING, THE APPLICANT'S MEDICAID VOLUME WILL BE THE CUMULATIVE OF ALL CURRENTLY LICENSED MICHIGAN HOSPITALS OWNED BY, UNDER COMMON CONTROL OF, OR HAVING A COMMON PARENT WITH THE APPLICANT. THE SOURCE DOCUMENTS FOR THE CALCULATION SHALL BE THE COST REPORT SUBMITTED TO THE DEPARTMENT FOR PURPOSES OF CALCULATING DISPROPORTIONATE SHARE HOSPITAL PAYMENTS. IF A HOSPITAL OWNED BY, UNDER COMMON CONTROL OF, OR HAVING A COMMON PARENT WITH THE APPLICANT HAS NOT FILED A COST REPORT, THEN THE RELATED APPLICANT SHALL RECEIVE A SCORE OF ZERO.

| <u>PERCENTILE RANK</u> | <u>POINTS AWARDED</u> |
|------------------------|-----------------------|
| <u>87.5 – 100</u> | <u>20 PTS</u> |
| <u>75.0 – 87.4</u> | <u>15 PTS</u> |
| <u>62.5 – 74.9</u> | <u>10 PTS</u> |
| <u>50.0 – 61.9</u> | <u>5 PTS</u> |
| <u>LESS THAN 50.0</u> | <u>0 PTS</u> |

WHERE AN APPLICANT PROPOSES TO CLOSE A HOSPITAL AS PART OF ITS APPLICATION, DATA FROM THE CLOSED HOSPITAL SHALL BE EXCLUDED FROM THIS CALCULATION.

(C) A QUALIFYING PROJECT SHALL BE AWARDED POINTS AS SET FORTH IN THE FOLLOWING TABLE IN ACCORDANCE WITH ITS IMPACT ON INPATIENT CAPACITY IN THE HEALTH SERVICE AREA OF THE PROPOSED HOSPITAL SITE. FURTHER, A QUALIFYING PROJECT SHALL BE AWARDED THE 25 POINTS FOR ANY SITUATION IN WHICH IT IS GUARANTEEING TO COMPLETELY CLOSE A HOSPITAL (AT LEAST 80% OF THE AVERAGE DAILY CENSUS FOR THE PRIOR 24 MONTHS WERE UTILIZED FOR REGULAR ACUTE CARE PATIENTS) AS A PART, OR A CONDITION OF, THE APPLICATION PROCESS. IN ORDER TO QUALIFY FOR

THESE POINTS, THE HOSPITAL THAT IS BEING CLOSED MUST BE FULLY DELICENSED AND CEASE TO OPERATE, AND THIS ACTION MUST NOT CREATE A BED NEED IN ANY AREA OR SUB-AREA AS A RESULT OF ITS CLOSING. THE HOSPITAL BEDS MAY NOT BE TRANSFERRED TO ANOTHER LOCATION OR FACILITY IF THE CLOSING IS TO QUALIFY FOR THESE POINTS, AND THE SIZE OF THE HOSPITAL TO BE CLOSED MUST BE AT LEAST EQUAL TO 50% OF THE SIZE OF THE HOSPITAL UNDER CONSIDERATION IN THE APPLICATION PROCESS (AS DEFINED BY THE AVERAGE DAILY CENSUS OVER THE PREVIOUS 24 MONTH PERIOD PRIOR TO THE DATE THAT THE APPLICATION IS SUBMITTED).

| IMPACT ON CAPACITY | POINTS AWARDED |
|--------------------------|----------------|
| CLOSURE OF HOSPITAL(S) | 25 PTS |
| MOVE BEDS | 0 PTS |
| ADDS BEDS (NET) | -15 PTS |
| OR | |
| CLOSURE OF HOSPITAL(S) | |
| OR DELICENSURE OF BEDS | |
| WHICH CREATES A BED NEED | |

WHERE AN APPLICANT PROPOSES TO CLOSE A HOSPITAL AS PART OF ITS APPLICATION, DATA FROM THE CLOSED HOSPITAL SHALL BE EXCLUDED FROM ANY CALCULATION RELATED TO OTHER FACTORS IN THE COMPARATIVE REVIEW PROCESS.

(D) A QUALIFYING PROJECT WILL BE AWARDED POINTS BASED ON THE PERCENTAGE OF THE APPLICANT'S HISTORICAL MARKET SHARE OF INPATIENT DISCHARGES OF THE POPULATION IN AN AREA WHICH WILL BE DEFINED AS THAT AREA CIRCUMSCRIBED BY THE PROPOSED HOSPITAL LOCATIONS DEFINED BY ALL OF THE APPLICANTS IN THE COMPARATIVE REVIEW PROCESS UNDER CONSIDERATION. THIS AREA WILL INCLUDE ANY ZIP CODE COMPLETELY WITHIN THE AREA AS WELL AS ANY ZIP CODE WHICH TOUCHES, OR IS TOUCHED BY, THE LINES THAT DEFINE THE AREA INCLUDED WITHIN THE FIGURE THAT IS DEFINED BY THE GEOMETRIC AREA RESULTING FROM CONNECTING THE PROPOSED LOCATIONS. IN THE CASE OF TWO LOCATIONS OR ONE LOCATION OR IF THE EXERCISE IN GEOMETRIC DEFINITION DOES NOT INCLUDE AT LEAST TEN ZIP CODES, THE MARKET AREA WILL BE DEFINED BY THE ZIP CODES WITHIN THE COUNTY (OR COUNTIES) THAT INCLUDES THE PROPOSED SITE (OR SITES). MARKET SHARE USED FOR THE CALCULATION SHALL BE THE CUMULATIVE MARKET SHARE OF THE POPULATION IN THE SUBAREA OF ALL CURRENTLY LICENSED MICHIGAN HOSPITALS OWNED BY, UNDER COMMON CONTROL OF, OR HAVING A COMMON PARENT WITH THE APPLICANT.

| PERCENT | POINTS AWARDED |
|-------------------|-------------------------------|
| % OF MARKET SHARE | % OF MARKET SHARE SERVED X 30 |
| | (TOTAL PTS. AWARDED) |

THE SOURCE FOR CALCULATIONS UNDER THIS CRITERION IS THE MIDB.

Section 14. Review standards for comparative review of a limited access area

Sec. 14. (1) Any application subject to comparative review, under Section 22229 of the Code, being Section 333.22229 of the Michigan Compiled Laws, or under these standards, shall be grouped and reviewed comparatively with other applications in accordance with the CON rules.

(2) Each application in a comparative group shall be individually reviewed to determine whether the application has satisfied all the requirements of Section 22225 of the Code, being Section 333.22225 of the Michigan Compiled Laws and all other applicable requirements for approval in the Code and these

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standards. If the Department determines that two or more competing applications satisfy all of the requirements for approval, these projects shall be considered qualifying projects. The Department shall approve those qualifying projects which, when taken together, do not exceed the need, as defined in Section 22225(1) of the Code, being Section 333.22225(1) of the Michigan Compiled Laws, and which have the highest number of points when the results of subsection (3) are totaled. If two or more qualifying projects are determined to have an identical number of points, then the Department shall approve those qualifying projects, when taken together, that do not exceed the need, as defined in Section 22225(1) in the order in which the applications were received by the Department based on the date and time stamp placed on the application by the Department when the application is filed.

(3)(a) A qualifying project will be awarded points based on the percentile ranking of the applicant's uncompensated care volume as measured by percentage of gross hospital revenues as set forth in the following table. For purposes of scoring, the applicant's uncompensated care will be the cumulative of all currently licensed Michigan hospitals owned by, under common control of, or having as a common parent the applicant. The source document for the calculation shall be the most recent Cost Report submitted to MDCH for purposes of calculating disproportionate share hospital payments. If a hospital owned by, under common control of, or having a common parent with the applicant has not filed a Cost Report, then the related applicant shall receive a score of zero.

| <u>Percentile Ranking</u> | <u>Points Awarded</u> |
|---------------------------|-----------------------|
| 90.0 – 100 | 25 pts |
| 80.0 – 89.9 | 20 pts |
| 70.0 – 79.9 | 15 pts |
| 60.0 – 69.9 | 10 pts |
| 50.0 – 59.9 | 5 pts |

Where an applicant proposes to close a hospital as part of its application, data from the closed hospital shall be excluded from this calculation.

(b) A qualifying project will be awarded points based on the statewide percentile rank of the applicant's Medicaid volume as measured by percentage of gross hospital revenues as set forth in the following table. For purposes of scoring, the applicant's Medicaid volume will be the cumulative of all currently licensed Michigan hospitals owned by, under common control of, or having a common parent with the applicant. The source documents for the calculation shall be the Cost Report submitted to MDCH for purposes of calculating disproportionate share hospital payments. If a hospital owned by, under common control of, or having a common parent with the applicant has not filed a Cost Report, then the related applicant shall receive a score of zero.

| <u>Percentile Rank</u> | <u>Points Awarded</u> |
|------------------------|-----------------------|
| 87.5 – 100 | 20 pts |
| 75.0 – 87.4 | 15 pts |
| 62.5 – 74.9 | 10 pts |
| 50.0 – 61.9 | 5 pts |
| Less than 50.0 | 0 pts |

Where an applicant proposes to close a hospital as part of its application, data from the closed hospital shall be excluded from this calculation.

(c) A qualifying project shall be awarded points as set forth in the following table in accordance with its impact on inpatient capacity in the health service area of the proposed hospital site.

| <u>Impact on Capacity</u> | <u>Points Awarded</u> |
|---------------------------|-----------------------|
| Closure of hospital(s) | 15 pts |
| Move beds | 0 pts |
| Adds beds (net) | -15 pts |

or
Closure of hospital(s)
or delicensure of beds
which creates a bed need
or
Closure of a hospital
which creates a new Limited Access Area

(d) A qualifying project will be awarded points based on the percentage of the applicant's market share of inpatient discharges of the population in the limited access area as set forth in the following table. Market share used for the calculation shall be the cumulative market share of Michigan hospitals owned by, under common control of, or having a common parent with the applicant.

| <u>Percent</u> | <u>Points Awarded</u> |
|-------------------|--|
| % of market share | % of market share served x 15 (total pts awarded) |

The source for calculations under this criterion is the MIDB.

(e) A qualifying project will be awarded points based on the percentage of the limited access area's population within a 30 minute travel time of the proposed hospital site if in a metropolitan statistical area county, or within 60 minutes travel time if in a rural or micropolitan statistical area county as set forth in the following table.

| <u>Percent</u> | <u>Points Awarded</u> |
|---|--|
| % of population within 30 (or 60) minute travel time of proposed site | % of population covered x 15 (total pts awarded) |

(f) All applicants will be ranked in order according to their total project costs as stated in the CON application divided by its proposed number of beds in accordance with the following table.

| <u>Cost Per Bed</u> | <u>Points Awarded</u> |
|----------------------|-----------------------|
| Lowest cost | 10 pts |
| 2nd Lowest cost | 5 pts |
| All other applicants | 0 pts |

Section 15. Documentation of market survey

Sec. 15. An applicant required to conduct a market survey under Section 3 shall specify how the market survey was developed. This specification shall include a description of the data source(s) used, assessments of the accuracy of these data, and the statistical method(s) used. Based on this documentation, the Department shall determine if the market survey is reasonable.

Section 16. Requirements for approval -- acquisition of a hospital

Sec. 16. (1) An applicant proposing to acquire a hospital shall not be required to be in compliance with the needed hospital bed supply set forth in Appendix C for the subarea in which the hospital subject to the proposed acquisition is assigned if the applicant demonstrates that all of the following are met:

- (a) the acquisition will not result in a change in bed capacity,
- (b) the licensed site does not change as a result of the acquisition,
- (c) the project is limited solely to the acquisition of a hospital with a valid license, and
- (d) if the application is to acquire a hospital, which was proposed in a prior application to be established as a long-term (acute) care hospital (LTAC) and which received CON approval, the applicant also must meet the requirements of Section 6(2). Those hospitals that received such prior approval are so identified in Appendix A.

Section 17. Requirements for approval – all applicants

Sec. 17. An applicant shall provide verification of Medicaid participation at the time the application is submitted to the Department. An applicant that is a new provider not currently enrolled in Medicaid shall provide a signed affidavit stating that proof of Medicaid participation will be provided to the Department within six (6) months from the offering of services if a CON is approved. If the required documentation is not submitted with the application on the designated application date, the application will be deemed filed on the first applicable designated application date after all required documentation is received by the Department.

Section 18. Health service areas

Sec. 18. Counties assigned to each of the health service areas are as follows:

| HSA | COUNTIES | | |
|---------------------|------------|-------------|--------------|
| 1 - Southeast | Livingston | Monroe | St. Clair |
| | Macomb | Oakland | Washtenaw |
| | Wayne | | |
| 2 - Mid-Southern | Clinton | Hillsdale | Jackson |
| | Eaton | Ingham | Lenawee |
| 3 - Southwest | Barry | Calhoun | St. Joseph |
| | Berrien | Cass | Van Buren |
| | Branch | Kalamazoo | |
| 4 - West | Allegan | Mason | Newaygo |
| | Ionia | Mecosta | Oceana |
| | Kent | Montcalm | Osceola |
| | Lake | Muskegon | Ottawa |
| 5 - GLS | Genesee | Lapeer | Shiawassee |
| 6 - East | Arenac | Huron | Roscommon |
| | Bay | Iosco | Saginaw |
| | Clare | Isabella | Sanilac |
| | Gladwin | Midland | Tuscola |
| 7 - Northern Lower | Gratiot | Ogemaw | |
| | Alcona | Crawford | Missaukee |
| | Alpena | Emmet | Montmorency |
| | Antrim | Gd Traverse | Oscoda |
| | Benzie | Kalkaska | Otsego |
| | Charlevoix | Leelanau | Presque Isle |
| 8 - Upper Peninsula | Cheboygan | Manistee | Wexford |
| | Alger | Gogebic | Mackinac |
| | Baraga | Houghton | Marquette |
| | Chippewa | Iron | Menominee |
| | Delta | Keweenaw | Ontonagon |
| | Dickinson | Luce | Schoolcraft |

**CON REVIEW STANDARDS
FOR HOSPITAL BEDS**

HOSPITAL SUBAREA ASSIGNMENTS

| Health Service Area | Sub Area | Hospital Name | City |
|---------------------------|-------------|--|-------------------|
| ===== | | | |
| 1 - Southeast | | | |
| | 1A | North Oakland Med Centers (Fac #63-0110) | Pontiac |
| | 1A | Pontiac Osteopathic Hospital (Fac #63-0120) | Pontiac |
| | 1A | St. Joseph Mercy – Oakland (Fac #63-0140) | Pontiac |
| | 1A | Select Specialty Hospital - Pontiac (LTAC - FAC #63-0172)* | Pontiac |
| | 1A | Crittenton Hospital (Fac #63-0070) | Rochester |
| | 1A | Huron Valley – Sinai Hospital (Fac #63-0014) | Commerce Township |
| | 1A | Wm Beaumont Hospital (Fac #63-0030) | Royal Oak |
| | 1A | Wm Beaumont Hospital – Troy (Fac #63-0160) | Troy |
| | 1A | Providence Hospital (Fac #63-0130) | Southfield |
| | 1A | Great Lakes Rehabilitation Hospital (Fac #63-0013) | Southfield |
| | 1A | Straith Hospital for Special Surg (Fac #63-0150) | Southfield |
| | 1A | The Orthopaedic Specialty Hospital (Fac #63-0060) | Madison Heights |
| | 1A | St. John Oakland Hospital (Fac #63-0080) | Madison Heights |
| | 1A | Southeast Michigan Surgical Hospital (Fac #50-0100) | Warren |
| | 1B | Bi-County Community Hospital (Fac #50-0020) | Warren |
| | 1B | St. John Macomb Hospital (Fac #50-0070) | Warren |
| | 1C | Oakwood Hosp And Medical Center (Fac #82-0120) | Dearborn |
| | 1C | Garden City Hospital (Fac #82-0070) | Garden City |
| | 1C | Henry Ford –Wyandotte Hospital (Fac #82-0230) | Wyandotte |
| | 1C | Select Specialty Hosp Wyandotte (LTAC - Fac #82-0272)* | Wyandotte |
| | 1C | Oakwood Annapolis Hospital (Fac #82-0010) | Wayne |
| | 1C | Oakwood Heritage Hospital (Fac #82-0250) | Taylor |
| | 1C | Riverside Osteopathic Hospital (Fac #82-0160) | Trenton |
| | 1C | Oakwood Southshore Medical Center (Fac #82-0170) | Trenton |
| | 1C | Kindred Hospital – Detroit (Fac #82-0130) | Lincoln Park |
| | 1D | Sinai-Grace Hospital (Fac #83-0450) | Detroit |
| | 1D | Rehabilitation Institute of Michigan (Fac #83-0410) | Detroit |
| | 1D | Harper University Hospital (Fac #83-0220) | Detroit |
| | 1D | St. John Detroit Riverview Hospital (Fac #83-0034) | Detroit |
| | 1D | Henry Ford Hospital (Fac #83-0190) | Detroit |
| | 1D | St. John Hospital & Medical Center (Fac #83-0420) | Detroit |
| | 1D | Children's Hospital of Michigan (Fac #83-0080) | Detroit |
| | 1D | Detroit Receiving Hospital & Univ Hlth (Fac #83-0500) | Detroit |
| | 1D | St. John Northeast Community Hosp (Fac #83-0230) | Detroit |
| | 1D | Kindred Hospital–Metro Detroit (Fac #83-0520) | Detroit |
| | 1D | SCCI Hospital-Detroit (LTAC - Fac #83-0521)* | Detroit |
| | 1D | Greater Detroit Hosp–Medical Center (Fac #83-0350) | Detroit |
| | 1D | Renaissance Hosp & Medical Centers (Fac #83-0390) | Detroit |
| | 1D | United Community Hospital (Fac #83-0490) | Detroit |

*This is a hospital that must meet the requirement(s) of Section 15(1)(d) - LTAC.

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| Health Service Area | Sub Area | Hospital Name | City |
|----------------------------------|-------------|---|--------------------|
| ===== | | | |
| 1 – Southeast (continued) | | | |
| | 1D | Harper-Hutzel Hospital (Fac #83-0240) | Detroit |
| | 1D | Select Specialty Hosp–NW Detroit (LTAC - Fac #83-0523)* | Detroit |
| | 1D | Bon Secours Hospital (Fac #82-0030) | Grosse Pointe |
| | 1D | Cottage Hospital (Fac #82-0040) | Grosse Pointe Farm |
| | 1E | Botsford General Hospital (Fac #63-0050) | Farmington Hills |
| | 1E | St. Mary Mercy Hospital (Fac #82-0190) | Livonia |
| | 1F | Mount Clemens General Hospital (Fac #50-0060) | Mt. Clemens |
| | 1F | Select Specialty Hosp – Macomb Co. (FAC #50-0111)* | Mt. Clemens |
| | 1F | St. John North Shores Hospital (Fac #50-0030) | Harrison Twp. |
| | 1F | St. Joseph's Mercy Hosp & Hlth Serv (Fac #50-0110) | Clinton Township |
| | 1F | St. Joseph's Mercy Hospital & Health (Fac #50-0080) | Mt. Clemens |
| | 1G | Mercy Hospital (Fac #74-0010) | Port Huron |
| | 1G | Port Huron Hospital (Fac #74-0020) | Port Huron |
| | 1H | St. Joseph Mercy Hospital (Fac #81-0030) | Ann Arbor |
| | 1H | University Of Michigan Health System (Fac #81-0060) | Ann Arbor |
| | 1H | Select Specialty Hosp–Ann Arbor (Ltac - Fac #81-0081)* | Ann Arbor |
| | 1H | Chelsea Community Hospital (Fac #81-0080) | Chelsea |
| | 1H | Saint Joseph Mercy Livingston Hosp (Fac #47-0020) | Howell |
| | 1H | Saint Joseph Mercy Saline Hospital (Fac #81-0040) | Saline |
| | 1H | Forest Health Medical Center (Fac #81-0010) | Ypsilanti |
| | 1H | Brighton Hospital (Fac #47-0010) | Brighton |
| | 1I | St. John River District Hospital (Fac #74-0030) | East China |
| | 1J | Mercy Memorial Hospital (Fac #58-0030) | Monroe |
| 2 - Mid-Southern | | | |
| | 2A | Clinton Memorial Hospital (Fac #19-0010) | St. Johns |
| | 2A | Eaton Rapids Medical Center (Fac #23-0010) | Eaton Rapids |
| | 2A | Hayes Green Beach Memorial Hosp (Fac #23-0020) | Charlotte |
| | 2A | Ingham Reg Med Cntr (Greenlawn) (Fac #33-0020) | Lansing |
| | 2A | Ingham Reg Med Cntr (Pennsylvania) (Fac #33-0010) | Lansing |
| | 2A | Edward W. Sparrow Hospital (Fac #33-0060) | Lansing |
| | 2A | Sparrow – St. Lawrence Campus (Fac #33-0050) | Lansing |
| | 2B | Carelink of Jackson (Ltac Fac #38-0030)* | Jackson |
| | 2B | W. A. Foote Memorial Hospital (Fac #38-0010) | Jackson |
| | 2C | Hillsdale Community Health Center (Fac #30-0010) | Hillsdale |
| | 2D | Emma L. Bixby Medical Center (Fac #46-0020) | Adrian |
| | 2D | Herrick Memorial Hospital (Fac #46-0030) | Tecumseh |

*This is a hospital that must meet the requirement(s) of Section 15(1)(d) - LTAC.

CON REVIEW STANDARDS FOR HOSPITAL BEDS

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FOR HOSPITAL BEDS SAC CONSIDERATION 8/22/06

INCLUDES DRAFT HIGH OCCUPANCY AND COMPARATIVE REVIEW LANGUAGE

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| Health Service Area | Sub Area | Hospital Name | City |
|---------------------------|-------------|---|----------------|
| ===== | | | |
| 3 – Southwest | | | |
| | 3A | Borgess Medical Center (Fac #39-0010) | Kalamazoo |
| | 3A | Bronson Methodist Hospital (Fac #39-0020) | Kalamazoo |
| | 3A | Borgess-Pipp Health Center (Fac #03-0031) | Plainwell |
| | 3A | Lakeview Community Hospital (Fac #80-0030) | Paw Paw |
| | 3A | Bronson – Vicksburg Hospital (Fac #39-0030) | Vicksburg |
| | 3A | Pennock Hospital (Fac #08-0010) | Hastings |
| | 3A | Three Rivers Area Hospital (Fac #75-0020) | Three Rivers |
| | 3A | Sturgis Hospital (Fac #75-0010) | Sturgis |
| | 3A | Sempercare Hospital at Bronson (LTAC - Fac #39-0032)* | Kalamazoo |
| | 3B | Fieldstone Ctr of Battle Crk. Health (Fac #13-0030) | Battle Creek |
| | 3B | Battle Creek Health System (Fac #13-0031) | Battle Creek |
| | 3B | Select Spec Hosp–Battle Creek (Ltac - Fac #13-0111)* | Battle Creek |
| | 3B | SW Michigan Rehab. Hosp. (Fac #13-0100) | Battle Creek |
| | 3B | Oaklawn Hospital (Fac #13-0080) | Marshall |
| | 3C | Community Hospital (Fac #11-0040) | Watervliet |
| | 3C | Lakeland Hospital, St. Joseph (Fac #11-0050) | St. Joseph |
| | 3C | Lakeland Specialty Hospital (LTAC - Fac #11-0080)* | Berrien Center |
| | 3C | South Haven Community Hospital (Fac #80-0020) | South Haven |
| | 3D | Lakeland Hospital, Niles (Fac #11-0070) | Niles |
| | 3D | Lee Memorial Hospital (A) (Fac #14-0010) | Dowagiac |
| | 3E | Community Hlth Ctr Of Branch Co (Fac #12-0010) | Coldwater |
| 4 – WEST | | | |
| | 4A | Memorial Medical Center Of West MI (Fac #53-0010) | Ludington |
| | 4B | Kelsey Memorial Hospital (Fac #59-0050) | Lakeview |
| | 4B | Mecosta County General Hospital (Fac #54-0030) | Big Rapids |
| | 4C | Spectrum Hlth-Reed City Campus (Fac #67-0020) | Reed City |
| | 4D | Lakeshore Community Hospital (Fac #64-0020) | Shelby |
| | 4E | Gerber Memorial Hospital (Fac #62-0010) | Fremont |
| | 4F | Carson City Hospital (Fac #59-0010) | Carson City |
| | 4F | Gratiot Community Hospital (Fac #29-0010) | Alma |

*This is a hospital that must meet the requirement(s) of Section 15(1)(d) - LTAC.

(A) This is a hospital that has state/federal critical access hospital designation (see Section 11).

CON REVIEW STANDARDS FOR HOSPITAL BEDS

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| Health Service Area | Sub Area | Hospital Name | City |
|-----------------------------|-------------|---|-----------------|
| ===== | | | |
| 4 – West (continued) | | | |
| | 4G | Hackley Hospital (Fac #61-0010) | Muskegon |
| | 4G | Mercy Gen Hlth Partners–(Sherman) (Fac #61-0020) | Muskegon |
| | 4G | Mercy Gen Hlth Partners–(Oak) (Fac #61-0030) | Muskegon |
| | 4G | Lifecare Hospitals of Western MI (LTAC - Fac #61-0052)* | Muskegon |
| | 4G | Select Spec Hosp–Western MI (LTAC - Fac #61-0051)* | Muskegon |
| | 4G | North Ottawa Community Hospital (Fac #70-0010) | Grand Haven |
| | 4H | Spectrum Hlth–Blodgett Campus (Fac #41-0010) | E. Grand Rapids |
| | 4H | Spectrum Hlth–Butterworth Campus (Fac #41-0040) | Grand Rapids |
| | 4H | Spectrum Hlth–Kent Comm Campus (Fac #41-0090) | Grand Rapids |
| | 4H | Mary Free Bed Hospital & Rehab Ctr (Fac #41-0070) | Grand Rapids |
| | 4H | Metropolitan Hospital (Fac #41-0060) | Grand Rapids |
| | 4H | Saint Mary's Mercy Medical Center (Fac #41-0080) | Grand Rapids |
| | 4I | Sheridan Community Hospital (A) (Fac #59-0030) | Sheridan |
| | 4I | United Memorial Hospital & LTCU (Fac #59-0060) | Greenville |
| | 4J | Holland Community Hospital (Fac #70-0020) | Holland |
| | 4J | Zeeland Community Hospital (Fac #70-0030) | Zeeland |
| | 4K | Ionia County Memorial Hospital (Fac #34-0020) | Ionia |
| | 4L | Allegan General Hospital (Fac #03-0010) | Allegan |
| 5 – GLS | | | |
| | 5A | Memorial Healthcare (Fac #78-0010) | Owosso |
| | 5B | Genesys Reg Med Ctr–Hlth Park (Fac #25-0072) | Grand Blanc |
| | 5B | Hurley Medical Center (Fac #25-0040) | Flint |
| | 5B | Mclaren Regional Medical Center (Fac #25-0050) | Flint |
| | 5B | Select Specialty Hospital-Flint (LTAC - Fac #25-0071)* | Flint |
| | 5C | Lapeer Regional Hospital (Fac #44-0010) | Lapeer |
| 6 – East | | | |
| | 6A | West Branch Regional Medical Cntr (Fac #65-0010) | West Branch |
| | 6A | Tawas St Joseph Hospital (Fac #35-0010) | Tawas City |
| | 6B | Central Michigan Community Hosp (Fac #37-0010) | Mt. Pleasant |
| | 6C | Mid-Michigan Medical Center-Clare (Fac #18-0010) | Clare |

*This is a hospital that must meet the requirement(s) of Section 15(1)(d) - LTAC.

(A) This is a hospital that has state/federal critical access hospital designation (see Section 11).

CON REVIEW STANDARDS FOR HOSPITAL BEDS

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| Health Service Area | Sub Area | Hospital Name | City |
|-----------------------------|-------------|--|---------------|
| ===== | | | |
| 6 – East (continued) | | | |
| | 6D | Mid-Michigan Medical Cntr - Gladwin (Fac #26-0010) | Gladwin |
| | 6D | Mid-Michigan Medical Cntr - Midland (Fac #56-0020) | Midland |
| | 6E | Bay Regional Medical Center (Fac #09-0050) | Bay City |
| | 6E | Bay Regional Medical Ctr-West (Fac #09-0020) | Bay City |
| | 6E | Samaritan Health Center (Fac #09-0051) | Bay City |
| | 6E | Bay Special Care (LTAC - Fac #09-0010)* | Bay City |
| | 6E | Standish Community Hospital (A) (Fac #06-0020) | Standish |
| | 6F | Select Specialty Hosp–Saginaw (LTAC - Fac #73-0062)* | Saginaw |
| | 6F | Covenant Medical Centers, Inc (Fac #73-0061) | Saginaw |
| | 6F | Covenant Medical Cntr–N Michigan (Fac #73-0030) | Saginaw |
| | 6F | Covenant Medical Cntr–N Harrison (Fac #73-0020) | Saginaw |
| | 6F | Healthsource Saginaw (Fac #73-0060) | Saginaw |
| | 6F | St. Mary's Medical Center (Fac #73-0050) | Saginaw |
| | 6F | Caro Community Hospital (Fac #79-0010) | Caro |
| | 6F | Hills And Dales General Hospital (Fac #79-0030) | Cass City |
| | 6G | Harbor Beach Community Hosp (A) (Fac #32-0040) | Harbor Beach |
| | 6G | Huron Medical Center (Fac #32-0020) | Bad Axe |
| | 6G | Scheurer Hospital (A) (Fac #32-0030) | Pigeon |
| | 6H | Deckerville Community Hospital (A) (Fac #76-0010) | Deckerville |
| | 6H | Mckenzie Memorial Hospital (A) (Fac #76-0030) | Sandusky |
| | 6I | Marlette Community Hospital (Fac #76-0040) | Marlette |
| 7 - Northern Lower | | | |
| | 7A | Cheboygan Memorial Hospital (Fac #16-0020) | Cheboygan |
| | 7B | Charlevoix Area Hospital (Fac #15-0020) | Charlevoix |
| | 7B | Mackinac Straits Hospital (A) (Fac #49-0030) | St. Ignace |
| | 7B | Northern Michigan Hospital (Fac #24-0030) | Petoskey |
| | 7C | Rogers City Rehabilitation Hospital (Fac #71-0030) | Rogers City |
| | 7D | Otsego Memorial Hospital (Fac #69-0020) | Gaylord |
| | 7E | Alpena General Hospital (Fac #04-0010) | Alpena |
| | 7F | Kalkaska Memorial Health Center (A) (Fac #40-0020) | Kalkaska |
| | 7F | Leelanau Memorial Health Center (A) (Fac #45-0020) | Northport |
| | 7F | Munson Medical Center (Fac #28-0010) | Traverse City |
| | 7F | Paul Oliver Memorial Hospital (A) (Fac #10-0020) | Frankfort |

*This is a hospital that must meet the requirement(s) of Section 15(1)(d) - LTAC.

(A) This is a hospital that has state/federal critical access hospital designation (see Section 11).

CON REVIEW STANDARDS FOR HOSPITAL BEDS

CON-214

FOR HOSPITAL BEDS SAC CONSIDERATION 8/22/06

INCLUDES DRAFT HIGH OCCUPANCY AND COMPARATIVE REVIEW LANGUAGE

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| Health Service Area | Sub Area | Hospital Name | City |
|---------------------------------------|-------------|--|-----------------|
| ===== | | | |
| 7 - Northern Lower (continued) | | | |
| | 7G | Mercy Hospital - Cadillac (Fac #84-0010) | Cadillac |
| | 7H | Mercy Hospital - Grayling (Fac #20-0020) | Grayling |
| | 7I | West Shore Medical Center (Fac #51-0020) | Manistee |
| 8 - Upper Peninsula | | | |
| | 8A | Grand View Hospital (Fac #27-0020) | Ironwood |
| | 8B | Ontonagon Memorial Hospital (A) (Fac #66-0020) | Ontonagon |
| | 8C | Iron County General Hospital (Fac #36-0020) | Iron River |
| | 8D | Baraga County Memorial Hospital (A) (Fac #07-0020) | L'anse |
| | 8E | Keweenaw Memorial Medical Center (Fac #31-0010) | Laurium |
| | 8E | Portage Health System (Fac #31-0020) | Hancock |
| | 8F | Dickinson County Memorial Hospital (Fac #22-0020) | Iron Mountain |
| | 8G | Bell Memorial Hospital (Fac #52-0010) | Ishpeming |
| | 8G | Marquette General Hospital (Fac #52-0050) | Marquette |
| | 8H | St. Francis Hospital (Fac #21-0010) | Escanaba |
| | 8I | Munising Memorial Hospital (A) (Fac #02-0010) | Munising |
| | 8J | Schoolcraft Memorial Hospital (A) (Fac #77-0010) | Manistique |
| | 8K | Helen Newberry Joy Hospital (A) (Fac #48-0020) | Newberry |
| | 8L | Chippewa Co. War Memorial Hosp (Fac #17-0020) | Sault Ste Marie |

(A) This is a hospital that has state/federal critical access hospital designation (see Section 11).

**CON REVIEW STANDARDS
FOR HOSPITAL BEDS**

Rural Michigan counties are as follows:

| | | |
|------------|-------------|--------------|
| Alcona | Hillsdale | Ogemaw |
| Alger | Huron | Ontonagon |
| Antrim | Iosco | Osceola |
| Arenac | Iron | Oscoda |
| Baraga | Lake | Otsego |
| Charlevoix | Luce | Presque Isle |
| Cheboygan | Mackinac | Roscommon |
| Clare | Manistee | Sanilac |
| Crawford | Mason | Schoolcraft |
| Emmet | Montcalm | Tuscola |
| Gladwin | Montmorency | |
| Gogebic | Oceana | |

Micropolitan statistical area Michigan counties are as follows:

| | | |
|----------------|-----------|------------|
| Allegan | Gratiot | Mecosta |
| Alpena | Houghton | Menominee |
| Benzie | Isabella | Midland |
| Branch | Kalkaska | Missaukee |
| Chippewa | Keweenaw | St. Joseph |
| Delta | Leelanau | Shiawassee |
| Dickinson | Lenawee | Wexford |
| Grand Traverse | Marquette | |

Metropolitan statistical area Michigan counties are as follows:

| | | |
|---------|------------|-----------|
| Barry | Ionia | Newaygo |
| Bay | Jackson | Oakland |
| Berrien | Kalamazoo | Ottawa |
| Calhoun | Kent | Saginaw |
| Cass | Lapeer | St. Clair |
| Clinton | Livingston | Van Buren |
| Eaton | Macomb | Washtenaw |
| Genesee | Monroe | Wayne |
| Ingham | Muskegon | |

Source:

65 F.R., p. 82238 (December 27, 2000)
Statistical Policy Office
Office of Information and Regulatory Affairs
United States Office of Management and Budget

**CON REVIEW STANDARDS
FOR HOSPITAL BEDS**

The hospital bed need for purposes of these standards until otherwise changed by the Commission are as follows:

| Health Service Area | SA No. | Bed Need |
|---------------------------|-----------|-------------|
| <hr/> | | |
| 1 - SOUTHEAST | | |
| | 1A | 2693 |
| | 1B | 415 |
| | 1C | 1372 |
| | 1D | 3098 |
| | 1E | 451 |
| | 1F | 636 |
| | 1G | 275 |
| | 1H | 1431 |
| | 1I | 50 |
| | 1J | 149 |
| 2 - MID-SOUTHERN | | |
| | 2A | 866 |
| | 2B | 293 |
| | 2C | 48 |
| | 2D | 98 |
| 3 - SOUTHWEST | | |
| | 3A | 763 |
| | 3B | 282 |
| | 3C | 261 |
| | 3D | 85 |
| | 3E | 59 |
| 4 - WEST | | |
| | 4A | 57 |
| | 4B | 63 |
| | 4C | 17 |
| | 4D | 11 |
| | 4E | 38 |
| | 4F | 136 |
| | 4G | 391 |
| | 4H | 1240 |
| | 4I | 47 |
| | 4J | 153 |
| | 4K | 21 |
| | 4L | 24 |
| 5 - GLS | | |
| | 5A | 79 |
| | 5B | 1120 |
| | 5C | 119 |

| | | | |
|------|---------------------|-----|------|
| 1311 | | | |
| 1312 | | | |
| 1313 | Health | | |
| 1314 | Service | SA | Bed |
| 1315 | Area | No. | Need |
| 1316 | | | |
| 1317 | 6 - EAST | | |
| 1318 | | 6A | 99 |
| 1319 | | 6B | 55 |
| 1320 | | 6C | 47 |
| 1321 | | 6D | 216 |
| 1322 | | 6E | 299 |
| 1323 | | 6F | 765 |
| 1324 | | 6G | 43 |
| 1325 | | 6H | 13 |
| 1326 | | 6I | 24 |
| 1327 | | | |
| 1328 | 7 - NORTHERN LOWER | | |
| 1329 | | 7A | 43 |
| 1330 | | 7B | 203 |
| 1331 | | 7C | 0 |
| 1332 | | 7D | 27 |
| 1333 | | 7E | 99 |
| 1334 | | 7F | 349 |
| 1335 | | 7G | 62 |
| 1336 | | 7H | 53 |
| 1337 | | 7I | 40 |
| 1338 | | | |
| 1339 | 8 - UPPER PENINSULA | | |
| 1340 | | 8A | 24 |
| 1341 | | 8B | 7 |
| 1342 | | 8C | 21 |
| 1343 | | 8D | 11 |
| 1344 | | 8E | 50 |
| 1345 | | 8F | 88 |
| 1346 | | 8G | 228 |
| 1347 | | 8H | 57 |
| 1348 | | 8I | 4 |
| 1349 | | 8J | 7 |
| 1350 | | 8K | 9 |
| 1351 | | 8L | 52 |
| 1352 | | | |

1353
1354
1355

OCCUPANCY RATE TABLE

| Adult Medical/Surgical | | | | | Pediatric Beds | | | | |
|------------------------|------|-------|--------|------|----------------|-------|-------|-------|------|
| ADC >= | ADC< | Occup | Beds | | ADC > | ADC<= | Occup | Beds | |
| | | | Start | Stop | | | | Start | Stop |
| | 30 | 0.60 | | <=50 | | 30 | 0.50 | | <=50 |
| 31 | 32 | 0.60 | 52 | 52 | 30 | 33 | 0.50 | 61 | 66 |
| 32 | 34 | 0.61 | 53 | 56 | 34 | 40 | 0.51 | 67 | 79 |
| 35 | 37 | 0.62 | 57 | 60 | 41 | 46 | 0.52 | 80 | 88 |
| 38 | 41 | 0.63 | 61 | 65 | 47 | 53 | 0.53 | 89 | 100 |
| 42 | 46 | 0.64 | 66 | 72 | 54 | 60 | 0.54 | 101 | 111 |
| 47 | 50 | 0.65 | 73 | 77 | 61 | 67 | 0.55 | 112 | 121 |
| 51 | 56 | 0.66 | 78 | 85 | 68 | 74 | 0.56 | 122 | 131 |
| 57 | 63 | 0.67 | 86 | 94 | 75 | 80 | 0.57 | 132 | 139 |
| 64 | 70 | 0.68 | 95 | 103 | 81 | 87 | 0.58 | 140 | 149 |
| 71 | 79 | 0.69 | 104 | 114 | 88 | 94 | 0.59 | 150 | 158 |
| 80 | 89 | 0.70 | 115 | 126 | 95 | 101 | 0.60 | 159 | 167 |
| 90 | 100 | 0.71 | 127 | 140 | 102 | 108 | 0.61 | 168 | 175 |
| 101 | 114 | 0.72 | 141 | 157 | 109 | 114 | 0.62 | 176 | 182 |
| 115 | 130 | 0.73 | 158 | 177 | 115 | 121 | 0.63 | 183 | 190 |
| 131 | 149 | 0.74 | 178 | 200 | 122 | 128 | 0.64 | 191 | 198 |
| 150 | 172 | 0.75 | 201 | 227 | 129 | 135 | 0.65 | 199 | 206 |
| 173 | 200 | 0.76 | 228 | 261 | 136 | 142 | 0.66 | 207 | 213 |
| 201 | 234 | 0.77 | 262 | 301 | 143 | 149 | 0.67 | 214 | 220 |
| 235 | 276 | 0.78 | 302 | 350 | 150 | 155 | 0.68 | 221 | 226 |
| 277 | 327 | 0.79 | 351 | 410 | 156 | 162 | 0.69 | 227 | 232 |
| 328 | 391 | 0.80 | 411 | 484 | 163 | 169 | 0.70 | 233 | 239 |
| 392 | 473 | 0.81 | 485 | 578 | 170 | 176 | 0.71 | 240 | 245 |
| 474 | 577 | 0.82 | 579 | 696 | 177 | 183 | 0.72 | 246 | 252 |
| 578 | 713 | 0.83 | 697 | 850 | 184 | 189 | 0.73 | 253 | 256 |
| 714 | 894 | 0.84 | 851 | 894 | 190 | 196 | 0.74 | 257 | 262 |
| 895 | | 0.85 | >=1054 | | 197 | | 0.75 | >=263 | |

| Obstetric Beds | | | | | Obstetric Beds cont. | | | | |
|----------------|-------|-------|-------|------|----------------------|-------|-------|-------|------|
| ADC > | ADC<= | Occup | Beds | | ADC > | ADC<= | Occup | Beds | |
| | | | Start | Stop | | | | Start | Stop |
| | 30 | 0.50 | | <=50 | 122 | 128 | 0.64 | 191 | 198 |
| 30 | 33 | 0.50 | 61 | 66 | 129 | 135 | 0.65 | 199 | 206 |
| 34 | 40 | 0.51 | 67 | 79 | 136 | 142 | 0.66 | 207 | 213 |
| 41 | 46 | 0.52 | 80 | 88 | 143 | 149 | 0.67 | 214 | 220 |
| 47 | 53 | 0.53 | 89 | 100 | 150 | 155 | 0.68 | 221 | 226 |
| 54 | 60 | 0.54 | 101 | 111 | 156 | 162 | 0.69 | 227 | 232 |
| 61 | 67 | 0.55 | 112 | 121 | 163 | 169 | 0.70 | 233 | 239 |
| 68 | 74 | 0.56 | 122 | 131 | 170 | 176 | 0.71 | 240 | 245 |
| 75 | 80 | 0.57 | 132 | 139 | 177 | 183 | 0.72 | 246 | 252 |
| 81 | 87 | 0.58 | 140 | 149 | 184 | 189 | 0.73 | 253 | 256 |
| 88 | 94 | 0.59 | 150 | 158 | 190 | 196 | 0.74 | 257 | 262 |
| 95 | 101 | 0.60 | 159 | 167 | 197 | | 0.75 | >=263 | |
| 102 | 108 | 0.61 | 168 | 175 | | | | | |
| 109 | 114 | 0.62 | 176 | 182 | | | | | |

LIMITED ACCESS AREAS

Limited access areas and the hospital bed need for each of those areas are identified below. The hospital bed need for limited access areas shall be changed by the department in accordance with section 2(1)(q) of these standards, and this appendix shall be updated accordingly.

| HEALTH SERVICE AREA | LIMITED ACCESS AREA | BED NEED | POPULATION FOR PLANNING YEAR |
|---------------------------|------------------------|-------------|---------------------------------|
| 7 | Alpena/Plus 1204 | 135 | 59,422 |
| 8 | Upper Peninsula 1204 | 179 | 108,917 |

Sources:

- 1) Michigan State University
Department of Geography
Hospital Site Selection Final Report
November 3, 2004, as amended
- 2) Section 4 of these standards

MICHIGAN DEPARTMENT OF PUBLIC HEALTH
OFFICE OF HEALTH AND MEDICAL AFFAIRS

CON REVIEW STANDARDS FOR HOSPITAL BEDS
-- ADDENDUM FOR PROJECTS FOR HIV INFECTED INDIVIDUALS --

(By authority conferred on the CON Commission by sections 22215 and 22217 of Act No. 368 of the Public Acts of 1978, as amended, and sections 7 and 8 of Act No. 306 of the Public Acts of 1969, as amended, being sections 333.22215, 333.2217, 24.207, and 24.208 of the Michigan Compiled Laws.)

Section 1. Applicability; definitions

Sec. 1. (1) This addendum supplements the CON Review Standards for Hospital Beds and may be used for determining the need for projects established to meet the needs of HIV infected individuals.

(2) Except as provided by sections 2 and 3 below, these standards supplement and do not supercede the requirements and terms of approval required by the CON Review Standards for Hospital Beds.

(3) The definitions that apply to the CON Review Standards for Hospital Beds apply to these standards.

(4) "HIV infected" means that term as defined in Section 5101 of the Code.

(5) Planning area for projects for HIV infected individuals means the State of Michigan.

Section 2. Requirements for approval; change in bed capacity

Sec. 2. (1) A project which, if approved, will increase the number of licensed hospital beds in an overbedded subarea or will result in the total number of existing hospital beds in a subarea exceeding the needed hospital bed supply as determined under the CON Review Standards for Hospital Beds may, nevertheless, be approved pursuant to subsection (3) of this addendum.

(2) Hospital beds approved as a result of this addendum shall be included in the Department inventory of existing beds in the subarea in which the hospital beds will be located. Increases in hospital beds approved under this addendum shall cause subareas currently showing a current surplus of beds to have that surplus increased.

(3) In order to be approved under this addendum, an applicant shall demonstrate all of the following:

(a) The Director of the Department has determined that action is necessary and appropriate to meet the needs of HIV infected individuals for quality, accessible and efficient health care.

(b) The hospital will provide services only to HIV infected individuals.

(c) The applicant has obtained an obligation, enforceable by the Department, from existing licensed hospital(s) in any subarea of this state to voluntarily delicense a number of hospital beds equal to the number proposed in the application. The effective date of the delicensure action will be the date the beds approved pursuant to this addendum are licensed. The beds delicensed shall not be beds already subject to delicensure under a bed reduction plan.

(d) The application does not result in more than 20 beds approved under this addendum in the State.

(4) In making determinations under Section 22225(2)(a) of the Code, for projects under this addendum, the Department shall consider the total cost and quality outcomes for overall community health systems for services in a dedicated portion of an existing facility compared to a separate aids facility and has determined that there exists a special need, and the justification of any cost increases in terms of important quality/access improvements or the likelihood of future cost reductions, or both.

Section 3. Project delivery requirements--additional terms of approval for projects involving HIV infected individuals approved under this addendum.

Sec. 3. (1) An applicant shall agree that, if approved, the services provided by the beds for HIV infected individuals shall be delivered in compliance with the following terms of CON approval:

(a) The license to operate the hospital will be limited to serving the needs of patients with the clinical spectrum of HIV infection and any other limitations established by the Department to meet the purposes of this addendum.

(b) The hospital shall be subject to the general license requirements of Part 215 of the Code except as waived by the Department to meet the purposes of this addendum.

(c) The applicant agrees that the Department shall revoke the license of the hospital if the hospital provides services to inpatients other than HIV infected individuals.

Section 4. Comparative reviews

Sec. 4. (1) Projects proposed under Section 3 shall be subject to comparative review.